

HOLLOW Men

at the Helm

by **Sandra Waddock**

illustration by Diane Fenster

*We are the hollow men
We are the stuffed men
Leaning together
Headpiece filled with straw. Alas!
Our dried voices, when
We whisper together
Are quiet and meaningless
As wind in dry grass
Or rats' feet over broken glass
In our dry cellar*

*Shape without form, shade without colour,
Paralysed force, gesture without motion...*

—T.S. Eliot, "The Hollow Men"

Until business schools teach future managers how deep the connections are between business, society, nature, and the world, corporations will continue to be run by hollow leaders with no sense of ethics or responsibility.

The hollow men of T.S. Eliot's poem might double as some of today's corporate leaders, who seem to be lacking both substance and heart. Yet troubling questions must be asked when we consider how these top executives evolved. How did they learn their basic business principles? Why have they been so prone to scandals? Did widely held beliefs and attitudes at major business schools contribute to the corporate disasters that opened the decade of the 2000s?

The collapse of giants like Enron and Arthur Andersen signaled a major turning point in the conversation about corporate ethics and integrity. At the same time, it raised compelling questions about the role of management education in preparing business leaders. Certainly, in these post-Enron days, it is difficult to ignore the impact of the supposedly value-neutral economic theory that

currently dominates management thinking.

Many of the abuses that have come to light in the past few years are the result of CEOs reacting to the systemic pressures and performance expectations of Wall Street. In 2002, leading scholars in the Academy of Management debated the Academy's role in responding to the ethical scandals of the early part of the decade. They diagnosed the root causes as the "overemphasis American corporations have been forced to give in recent years to maximizing shareholder value without regard for the effects of their actions on other stakeholders," according to an article written by Thomas A. Kochan.



Proponents of corporate social responsibility have argued for years that today's typical management education turns out leaders who have a limited capacity to think broadly about the impacts of their decisions on stakeholders, societies, and the natural environment. Because most management theory focuses predominantly on maximizing wealth, it considers only *some* stakeholders and fails to educate managers about the consequences of their decisions. Indeed, competitive pressures on managers and ranking pressures on business schools have combined to encourage business educators and corporate leaders to pay even more attention to profit maximization today than in the past.

To avoid a repeat of corporate scandals in the future, it's critical to look at how today's business schools are teaching tomorrow's leaders. If business schools don't teach future managers about the integral relationships that exist between corporations and societies, it's no wonder that top CEOs don't understand them. Management educators must focus on integrity at the individual, company, and societal levels—and they need to work toward an attendant transformation in the curriculum that covers business in society, not just business in economy.

A Loss of Integrity

While some believe that integrity and individual ethics are largely formed through family and early childhood experiences, management education still conveys a perspective on what can be considered ethical in business. Yet until quite recently, only ethics professors and business in society professors dealt much with issues of integrity and responsibility. From other management disciplines, there has been notable silence on these topics.

The problem extends all the way to the boardroom. Many of today's corporate leaders seem to be lacking fundamental integrity, which is sometimes defined as "firm adherence to a code." In business, the written and unwritten code allows the system to work efficiently when people and organizations trust each other in transactions. Investors trust that corporate executives will follow their fiduciary obligations. Customers trust that products and services will provide reasonable value for their cost. Employees trust that the jobs they have today will be there tomorrow. Trust is central to the effective functioning of all markets. Trust is destroyed, however, when individuals and institutions act without integrity.

A top executive with integrity will not only be true to his own beliefs and standards, but he will develop mission statements that define the whole corporation. The majority of top executives are decent people who possess integrity and live by

personal standards. But they've been led astray by lack of self-examination, by the fact that no one in their organizations offers them alternatives to a profit-based style of management—and by the fact that they learned no different course of action during their business school education.

Mindful Management Education

If we want to have managers capable of acting with integrity, we must teach them to be mindful—aware of their belief systems, conscious of consequences, and capable of thinking broadly about the impact of their actions and decisions. Managers and leaders have positions that are *inherently* value-laden and imbued with ethical responsibilities. Their decisions affect other people, organizations, communities, and the natural environment. From this view, ethics is integral to management and leadership, not something to consider only when dilemmas arise. It is the integrated relationship between ethics and management that business schools have generally failed to recognize.

Unfortunately, the courses that might teach students to be mindful of consequences and consider the perspectives of multiple stakeholders are hardly considered mainstream in management education today. Courses on ethics, corporate responsibility, business/public policy, stakeholder relationships, and other "soft" subjects are typically given short shrift in favor of applied analytical tools and techniques, conceptual models, and measures of profitability.

The faculty might be partially to blame. In 1996, AACSB International launched a Task Force on Faculty Leadership, which found that management faculty at all levels lacked sufficient real-world contact and did not have a good understanding of the global or technological environment. Faculty members were found to be inhibited from leading efforts for institutional change, in part because of a tight focus on disciplines and in part because they did not understand the need for change. Problems were exacerbated by narrow, disciplinary orientations; pressures to publish in respected peer-reviewed journals; and limited rewards for integrative work.

Some students also discount the importance of integrated coursework and classes on corporate social responsibility. In fact, once they're enrolled in business schools, management





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students often seem to lose whatever idealism they might have brought with them. A recent study by the Business and Society Program of the Aspen Institute shows that, once MBA students enter a program, their attitudes shift *away* from a focus on customers and product quality and *toward* shareholder value.

Scarier still is that graduates with MBAs do not think they can affect the culture and values of companies. They believe that they will face ethical conflicts at work, and they say they are more likely to quit than try to effect change in an organization. If business schools don't pay more attention to fundamental questions about the meaning and consequences of economic gain, we are in danger of developing leaders who are incapable of reflective thought about what they are trying to do—and who give up without even trying to change what's wrong with business.

A key problem is that management education works. It really *does* convince students that a certain system of thinking about business is the right one. It *does* instill a belief in the ideology of cutthroat shareholder capitalism that, like a reality TV show, weeds out the weakest links unerringly and without remorse. Death to those companies that can't compete, and to hell with the ecological, individual, community, or societal consequences.

Maybe it's time to consider that something could be wrong with our current emphasis on narrow fields of discipline and rampant capitalism. Instead, we should teach the types of skills that societies really need in business leaders by putting corporate responsibility at the core of management education.

Radical Change

The systemic change needed in management education may require what Peter Senge calls *metanoia*, a shift of mind. Yet I believe that business schools can teach a specific set of skills that will develop integrity and integrated thinking into our students. These include:

- Individual and institutional integrity, responsibility, accountability, and transparency.
- Systems thinking and systems dynamics, as well as synthetic and integrative thinking.
- Initiation, risk-taking, and creativity.
- The importance of self-efficacy, voice, and confidence.
- The ability to speak one's own mind while being sensitive to the perspectives of others.
- The ability to reflect on the implications of actions, decisions, attitudes, and behaviors.
- The ability to understand the consequences of actions and, when needed, to take corrective action or change course.
- Ecological awareness.

To instill such skills in students, five major elements would have to be embedded in a radical curriculum for business in society:

A sense of balance. In other words, it's *not* just the economy, stupid. Markets are inherently stupid, focusing almost exclusively on growth and profit while ignoring anything to which costs and prices cannot be assigned easily. We need to teach students to care about more than the markets. They must understand social and human values such as love, community, and spirituality; connection to self, others, and nature; and the drive to find meaning.

Robert Reich, former U.S. Labor Secretary and now a professor at Brandeis, once asked, "Do you want to live in an economy or a society?" Presumably, most people would choose to live in a society. If we act as if an economy and a society are the same thing, we allow business to ignore important responsibilities. Students who study business in society must learn to balance the incentives for business growth with other important values. Currently this sense of balance is greatly lacking in management education.

Integration of body, mind, and heart. Integration turns parts into wholes—individuals into communities, communities into

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nations, nations into the world. Management education, which focuses on distinct functional disciplines and analysis of tractable problems, tends to be about parts that don't necessarily add up to wholes. Thus, we need to design a curriculum that considers society as one coherent, effective, and efficient whole. Even a required ethics course is unlikely to be a strong enough basis for such integration. What's necessary is for future leaders to learn to consider how their actions will impact the community, not just stakeholders. A sense of integration will be better achieved when leaders fully engage the hearts, minds, bodies, and spirits of individuals and societies.

Holistic understanding. As the song by Molly Scott says, "We are all one planet, all one people of earth." Managers and leaders need to recognize that we all live on a single planet with limited resources. Things are connected to each other; as physicists and biologists inform us, one system affects others. What happens in the economic realm affects societies, natural resources, and the day-to-day lives of ordinary people.

This connectivity is underscored by technology, which is building tightly linked global markets and providing instant access to information. The very interdependence of the glob-

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al village should make us more aware of resource constraints, ecological limitations, the need for collaboration, and the need for sustainable enterprise. In fact, this interconnectedness suggests that managers must understand the ecological, physical, and biological bases of human existence far more deeply than they currently do.

Respect for diversity. Despite the fact that we live on one planet, the global village is incredibly diverse, with values, cultures, consumption patterns, and ecological footprints varying dramatically from place to place. Few people want globalization to result in homogenization. Yet, these different values and priorities can lead to conflict. Thus, to operate a business in a diverse society means managers must acquire considerable understanding about—and respect for—cultures that are dif-



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ferent from their own. Honoring cultural integrity requires the ability to work with the *both/and* logic of paradox, the ability to synthesize multiple interests and constituencies, and the ability to analyze situations and solve problems.

A grasp of complex change. The modern world is facing so many transformative forces it's impossible to list them all: the technological revolution and the growth of e-commerce; the emergence of small businesses and entrepreneurial companies as the dynamic force in market-based enterprises; the surrender of local commerce to global commerce and transnational corporations; the crises of overpopulation, poverty, and ecological devastation; the spread of HIV/AIDS and other worldwide health issues; and the tensions between religion-based regions in the East and consumer-based societies in the West. All of these forces and many more create a global drama of Shakespearean proportions. To deal with a world of constant and complex change, future leaders will need to develop skills of conflict resolution and collaboration—as well as the ability to be transparent, reflective, and open to responsibility and accountability.

Profound Implications

To meet the challenges of doing business in the modern world, management education must undergo a transformation. Courses on analysis must also consider implications of corporate and individual actions. Corporate-centric courses must become society-centric or even nature-centric. Passive

knowledge transfer must give way to active engagement in learning. Disciplinary specializations must be approached within the context of an integrated perspective on business's role in society. The values-neutral posture must shift to one that recognizes the inherent values-based nature of management itself. A narrow focus on shareholder wealth must broaden to a focus that encompasses many stakeholders, including the natural world. We must strive for a world in balance—for a world in which society takes precedence over economy.

Furthermore, today's leaders must be able to make decisions based on principles and relationships; they must be prepared to question the system. They will not be operating from conventional levels of moral reasoning, but from post-conventional levels that allow them to view situations from a variety of perspectives that include all stakeholders and society as a whole.

It will not be easy to create such leaders; but if we don't, we live in danger of creating leaders who are much worse—the hollow men and women that T.S. Eliot described. We live in danger of ending up in a world ravaged by inequity, corruption, materialism, and wasted resources. Surely management education has the power to reverse some of those trends, working toward a world of integration, intention, and integrity. **Z**

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